

1 AN ACT concerning insurance claims practices.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Insurance Code is amended by
5 changing Section 154.6 as follows:

6 (215 ILCS 5/154.6) (from Ch. 73, par. 766.6)

7 Sec. 154.6. Acts constituting improper claims practice.
8 Any of the following acts by a company, if committed without
9 just cause and in violation of Section 154.5, constitutes an
10 improper claims practice:

11 (a) Knowingly misrepresenting to claimants and insureds
12 relevant facts or policy provisions relating to coverages at
13 issue;

14 (b) Failing to acknowledge with reasonable promptness
15 pertinent communications with respect to claims arising under
16 its policies;

17 (c) Failing to adopt and implement reasonable standards
18 for the prompt investigations and settlement of claims
19 arising under its policies;

20 (d) Not attempting in good faith to effectuate prompt,
21 fair and equitable settlement of claims submitted in which
22 liability has become reasonably clear;

23 (e) Compelling policyholders to institute suits to
24 recover amounts due under its policies by offering
25 substantially less than the amounts ultimately recovered in
26 suits brought by them;

27 (f) Engaging in activity which results in a
28 disproportionate number of meritorious complaints against the
29 insurer received by the Insurance Department;

30 (g) Engaging in activity which results in a
31 disproportionate number of lawsuits to be filed against the

1 insurer or its insureds by claimants;

2 (h) Refusing to pay claims without conducting a
3 reasonable investigation based on all available information;

4 (i) Failing to affirm or deny coverage of claims within
5 a reasonable time after proof of loss statements have been
6 completed;

7 (j) Attempting to settle a claim for less than the
8 amount to which a reasonable person would believe the
9 claimant was entitled, by reference to written or printed
10 advertising material accompanying or made part of an
11 application or establishing unreasonable caps or limits on
12 paint or materials when estimating vehicle repairs;

13 (k) Attempting to settle claims on the basis of an
14 application which was altered without notice to, or knowledge
15 or consent of, the insured;

16 (l) Making a claims payment to a policyholder or
17 beneficiary omitting the coverage under which each payment is
18 being made;

19 (m) Delaying the investigation or payment of claims by
20 requiring an insured, a claimant, or the physicians of either
21 to submit a preliminary claim report and then requiring
22 subsequent submission of formal proof of loss forms,
23 resulting in the duplication of verification;

24 (n) Failing in the case of the denial of a claim or the
25 offer of a compromise settlement to promptly provide a
26 reasonable and accurate explanation of the basis in the
27 insurance policy or applicable law for such denial or
28 compromise settlement;

29 (o) Failing to provide forms necessary to present claims
30 within 15 working days of a request with such explanations as
31 are necessary to use them effectively;

32 (p) Failing to adopt and implement reasonable standards
33 to verify that a repairer designated by the insurance company
34 to provide an estimate, perform repairs, or engage in any

1 other service in connection with an insured loss on a vehicle
2 is duly licensed under Section 5-301 of the Illinois Vehicle
3 Code;

4 (q) Failing to provide as a persistent tendency a
5 notification on any written estimate prepared by an insurance
6 company in connection with an insured loss that Illinois law
7 requires that vehicle repairers must be licensed in
8 accordance with Section 5-301 of the Illinois Vehicle Code;

9 (r) Refusing to pay a claim on the basis of alleged
10 fraud or intentional loss on the part of the insured in the
11 absence of clear and convincing evidence;

12 (s)(*) Engaging in any other acts which are in substance
13 equivalent to any of the foregoing.

14 (Source: P.A. 90-340, eff. 8-8-97.)

15 Section 99. Effective date. This Act takes effect upon
16 becoming law.